



## Utah Children's Health Insurance Program (CHIP) 2008 Annual Evaluation October 2008

### Overview

Since February 2001, CHIP has had periodic open enrollment periods which were determined based on available funding. Enrollment would often be closed for many months and then be reopened for a brief one or two week window. In 2007, the Legislature provided additional funding for CHIP which allowed the program to reopen for new enrollment on July 2, 2007 and remain open since then. The 2008 Legislature passed House Bill 326 which required CHIP to remain continuously open for all eligible children.

In addition to the change in open enrollment, during 2008, the program carried out several significant projects:

- Rebenchmarked benefits and co-payments to be actuarially equivalent to benefits received by enrollees in the commercial health plan with the largest insured commercial enrollment offered by a Health Maintenance Organization (HMO) in the state (effective July 1, 2008)
- Released an Request for Proposal (RFP) seeking bids from health plans interested in providing CHIP medical benefits

Looking forward to FY 2009, CHIP faces the following opportunities and challenges:

- Continue statewide emphasis to increase outreach and enrollment
- Respond to new requirements of federal CHIP reauthorization (when new bill is passed)
- Improve health plans' reporting of client data to allow better comparisons with private health plans
- Publish an RFP seeking bids from health plans interested in providing CHIP dental benefits

### Background

The Department manages CHIP through the Division of Health Care Financing, the same division that manages Utah's Medicaid program. All eligibility actions are handled through the Department of Workforce Services (DWS). CHIP is a state-sponsored, health insurance plan for uninsured children whose family income is under 200 percent of the federal poverty level (FPL). In 2008, this limit is equal to \$42,400 in annual income for a family of four.

This summer, CHIP celebrated its 10<sup>th</sup> birthday. Since being signed into law in 1998, CHIP has covered more than 136,000 Utah children, making it possible for them to get the check-ups they need to stay healthy and see the doctor when they get sick or injured.

The CHIP benefit plan was modeled after traditional commercial health insurance plans and historically utilized the Public Employee's Health Plan (PEHP) for state employees as the benchmark of coverage. Beginning July 1, 2008, benefits were rebenchmarked to be actuarially equivalent to benefits received by enrollees in Select Health's Small Business Account plan, the commercial plan with the largest enrollment in the state. CHIP currently contracts with two health plans to provide medical services, Molina Healthcare and PEHP. All dental services are provided through the Public Employee's Dental Plan.

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### **Utah's Premium Partnership for Health Insurance (UPP)**

In an effort to create private health insurance opportunities for individuals that qualify for CHIP, the Department obtained federal approval to offer families the ability to purchase their employer-sponsored health insurance rather than enroll their children in CHIP. Since November 1, 2006, qualified families can receive a rebate of \$100 per month per child when they purchase health coverage through their work. In addition, qualified families can also receive an additional rebate of \$20 per month per child if they purchase dental coverage through their work. If the family does not purchase dental coverage for their children through their work, the children can be enrolled in CHIP dental coverage, which is provided through the Public Employee's Dental Plan.

In September 2008, there were 366 children enrolled in UPP, or about one percent of the total CHIP enrollment. Of the 366 UPP enrollees, 295 received both the medical and dental reimbursement and 71 received the medical reimbursement and were enrolled in CHIP dental.

On September 9, 2008, the Department submitted an 1115 waiver amendment to CMS for UPP changes. The amendment requested the following changes:

- Expand UPP to individual policies
- Expand UPP to cover individuals going into HIPUtah
- Expand UPP to cover individuals going into COBRA
- Prohibit children from enrolling in CHIP if their parents qualify for UPP
- Extend CHIP and UPP crowd out requirement from 90 days to 6 months
- Access a portion of Disproportionate Share Hospital (DSH) allotment if necessary to meet federal budget neutrality requirements

## **Financial**

CHIP receives approximately 80 percent of its funding from the federal government with the other 20 percent coming from state matching funds. From FY 2001 to FY 2007, state funds came exclusively from the proceeds of the Master Settlement Agreement between the State and tobacco companies. In FY 2008 and FY 2009, the state funding also includes General Fund.

- For FY 2001, the Legislature appropriated \$5.5 million for the required State match.
- For FY 2004, the Legislature increased CHIP funding to \$7.0 million to cover more children and to restore dental services.
- For FY 2006, the Legislature increased CHIP funding to \$10.3 million to cover more children.
- For FY 2008, the Legislature added \$2.0 million in ongoing General Fund and \$2.0 million in one-time Tobacco Settlement Restricted Fund to cover more children. The program's FY 2008 state funds budget was \$12.3 million in Tobacco Settlement Restricted Fund and \$2.0 million in General Fund.
- For FY 2009, the Legislature appropriated \$10.3 million in Tobacco Settlement Restricted Fund, \$2.0 million in General Fund, and \$2.0 million in carryover funds from FY 2008.

For FY 2008, CHIP spent \$52.0 million on children's medical and dental benefits and \$5.5 million on administration. The majority of the administrative costs came from eligibility determination. With

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an average enrollment of 32,101 for FY 2008, the average cost per child was \$1,792 per year, or \$149 per month.

### **Benefits and Cost Sharing**

In FY 2008, families paid quarterly premiums up to \$60 per quarter for enrollment in CHIP. The amount of premium varied depending upon family income. Families whose incomes are below 100 percent FPL and Native American families do not pay quarterly premiums. In FY 2008, CHIP collected \$1,690,334 in quarterly premiums. Premiums are used to offset the cost of benefits received by CHIP clients.

In FY 2008, most CHIP families paid small co-payments in addition to quarterly premiums. Native American families do not pay co-payments. As established in federal guidelines, no family on CHIP is required to spend more than five percent of their family's income on premiums, co-payments, and co-insurance over the course of a plan year.

For FY 2009, the Department significantly increased co-payments for families when it rebenchmarked the CHIP coverage to be actuarially equivalent to benefits received by a commercial health plan with the largest insured commercial enrollment offered by an HMO in the state. During this process, CHIP communicated with the federal government to insure that benefits and co-payments were in compliance with federal guidelines and a State Plan Amendment has been submitted. This rebenchmarking will help reduce CHIP expenditures and help offset the rate of growth in expenditures.

Many CHIP clients were not significantly affected by the FY 2009 rebenchmarked benefits, because federal guidelines limit the co-payments that can be charged to some income groups. The greatest impact was on families from 151 to 200 percent FPL, who also face increased deductibles for certain services. Of the approximately 35,000 children on CHIP on July 1, 2008, the greatest impact affected approximately 11,100 children whose families had higher incomes (between \$31,800 and \$42,400 for a family of four).

### **Eligibility**

Prior to the passage of House Bill 326 during the 2008 legislative session, individuals could only apply for CHIP during periodic open enrollment periods. CHIP now continuously accepts new applications. Applications for UPP are also being accepted. UPP has never been closed for new enrollment.

Applications can be submitted through the mail or in-person using a simplified application form. Applicants may also apply online. A simplified renewal form and process has been implemented to reduce unnecessary barriers for the families being served. Eligibility is determined by DWS staff.

#### *Basic Eligibility Criteria*

1. Gross family income cannot be higher than 200 percent FPL (e.g., for a family of four, 200 percent FPL is \$42,400).
2. The child must be a resident of the state of Utah, and a U.S. citizen or legal alien.

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3. The child must be 18 years of age or younger.
4. The child must be uninsured and not eligible for Medicaid.

Children are enrolled in CHIP for twelve-month periods.

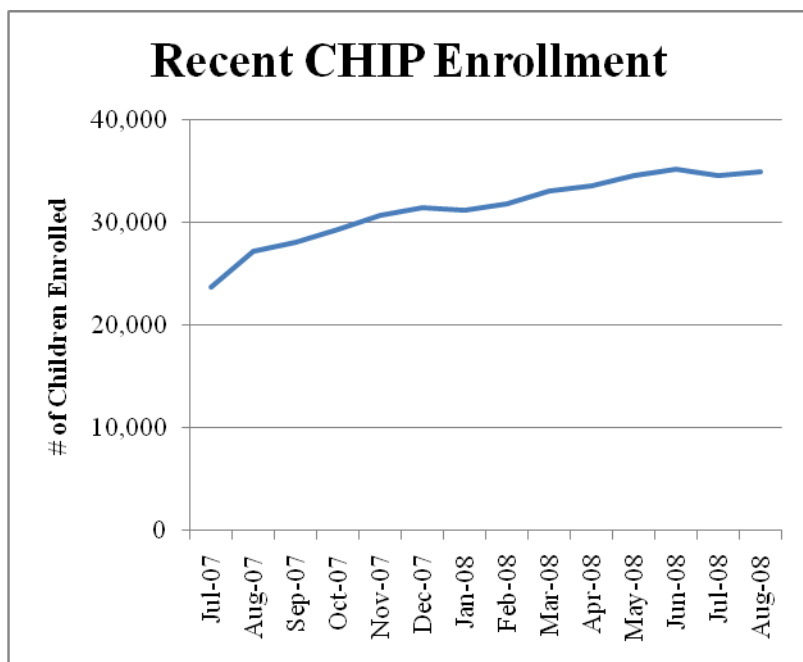
CHIP has contracted with two health plans to provide medical services for enrollees:

1. Molina Healthcare
2. PEHP

CHIP has contracted with the Public Employee's Dental Plan to provide dental services for all enrollees.

## Enrollment

The following chart shows enrollment since CHIP was reopened in July 2007.



As of September 2008, there were 34,943 children on CHIP. Of the current enrollees, the ethnicity, race, age, and income breakdown are as follows:

### Ethnicity (as of September 2008)

Hispanic	8,943	(25.6%)
Non-Hispanic	26,000	(74.4%)

### Race (as of September 2008)

Asian	551	(1.6%)
Native Hawaiian/Pacific Islander	185	(0.5%)
Black	445	(1.3%)
Native American/Alaska Native	538	(1.5%)

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White	33,170 (94.9%)
Multiple Races	54 (0.2%)

### Age (as of September 2008)

Less than 10	19,708 (56.4%)
10 to 19	15,235 (43.6%)

### Income (as of September 2008)

Less than 100% FPL	10,572 (30.3%)
101% to 150% FPL	13,811 (39.5%)
151% to 200% FPL	10,560 (30.2%)

65% of CHIP children are residents of Davis, Salt Lake, Weber, and Utah counties.  
35% are residents of other counties.

## Strategic Objectives and Performance Goals

The 2007 Consumer Assessment of Health Plans Survey (CAHPS) measured what parents thought about the care and services their children received from their CHIP health plan in the past year. A survey was mailed to CHIP parents in February 2007 and follow-up telephone surveys were conducted in April 2007. A total of 1,199 CHIP parents responded to the survey.

*Goal #1: Improve access to health care services for children enrolled in CHIP.*

- 89.3% of children ages 1 to 11 had a visit with a primary care practitioner in 2006
- 96.4% of parents said that getting necessary care for their child was "Not a Problem"

*Goal #2: Insure CHIP enrolled children receive high quality health care services.*

- 82% of parents rated their child's health plan as an 8, 9, or 10
- 88.6% rated their health care received as an 8, 9, or 10
- 86.8% rated their personal doctor or nurse as 8, 9, or 10
- 86.5% rated their specialist as an 8, 9, or 10

Note: Above ratings were done on a scale of 0 to 10, with 10 being the highest rating and 0 being the lowest.

*Goal #3: Insure that children enrolled in CHIP receive timely and comprehensive preventive health care services.*

- 84.0% of parents surveyed said that they "Always" or "Usually" got timely care.

Note: In all the above goals, CHIP scored above national benchmarks.

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### **Core Performance Measures**

The 2007 Health Plan Employer Data and Information Set (HEDIS) measurements are a core subset of the full HEDIS dataset reported by Utah's CHIP health plans to the Department based on information from patient visits in 2006. HEDIS consists of a set of performance measures that compare how well health plans perform in key areas: quality of care, access to care and member satisfaction with the health plan and doctors.

*Measure #1: Well-child visits in the first 15 months of life.*

- 75.5% of CHIP enrolled children who turned 15 months old during 2006 and had been continuously enrolled from 31 days of age, received at least 5 well-child visits.

*Measure #2: Well-child visits in children the 3rd, 4th, 5th, and 6th years of life.*

- 44.6% of the CHIP enrollees ages 3-6 had one or more well-child visits with a primary care practitioner in 2006.

*Measure #3: Children's access to primary care practitioners.*

- 85.6% of CHIP enrollees had one or more visits with a primary care practitioner in 2006.

### **CHIP Client Feedback**

In the last 10 years, CHIP has helped many families, whether they were facing a financial crisis, or were not offered insurance by an employer. One example of a family who has benefited from CHIP is the Peterson family.

Amanda Peterson was worried about losing Medicaid when her husband graduated from college and got a good job. Like many Utah families, his company didn't offer any health insurance and they couldn't afford to buy insurance privately. "We seemed to be right in that income bracket where we made too much for Medicaid, but too little to afford anything for ourselves. We felt like we would be stranded without anything," said Amanda.

"I can't tell you how relieved I am," she continued, "to have insurance for my kids. It is so nice to know that they can go to the doctor and the dentist. I don't have to worry about how I will pay because the premium and the co-pays are very reasonable. We need this program."